

# Highway Construction Program

## Escalation Measure

### Steel Reinforcing Bar Analysis Indicates a 100 Percent Increase

Steel is used in WSDOT projects primarily in two major areas – structural steel, and steel reinforcing bar. The design and construction of structures using structural steel is not the most common of WSDOT bridge materials, and therefore does not have a clear and consistent bid history in which to track escalation. Steel reinforcing bar (rebar) on the other hand is used in virtually all projects with structural work. The difficulty with rebar is that it is typically embedded in other lump sum items of work such as “superstructure”. A separate item is used for rebar that is placed in walls, footings and abutments. While this item may not accurately reflect the total quantity of rebar used in WSDOT projects and does include labor and equipment costs as well as materials, it should reflect the effects of cost escalation. Since January 2002 there seems to have been over a 100 percent increase in the price bid for steel reinforcing bar. During the same period the ENR rebar index increased by 36 percent.

### Hot Mix Asphalt Analysis Indicates a 20 Percent Increase

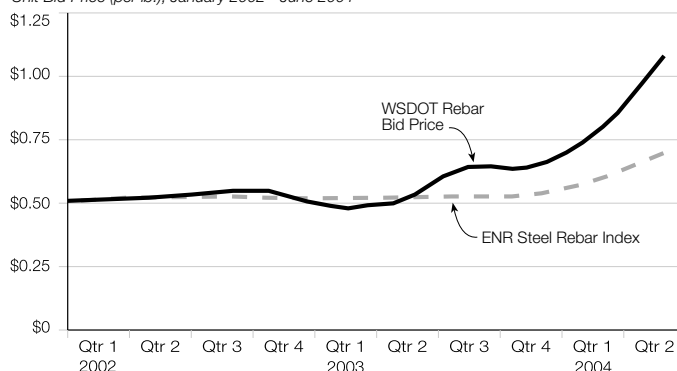
Hot Mix Asphalt prices were selected to help identify cost escalation in petroleum products. The unit cost of HMA involves the manufacturing, placement and compaction of asphalt pavement. The cost of this item is very dependent on the petroleum market, not only in the form of the liquid asphalt used in the mix, but also for the fuel cost of the plant, placement equipment, hauling vehicles and compaction train. Since January 2002 there has been a 20 percent increase in the price bid for Hot Mix Asphalt (36 percent since January 2000).

### Continued Efforts to Track Cost Escalation

While it is difficult, if not impossible, to extrapolate data to predict the total cost impact from each of WSDOT's projects, it is clear from the highlighted trend that these items and perhaps others, are having an effect on bid prices. While this has not been a significant issue to date, WSDOT will continue to monitor the situation.

### Steel Reinforcing Bar - Cost Trend

Unit Bid Price (per lb.), January 2002 - June 2004



### Hot Mix Asphalt - Cost Trend

Unit Bid Price (per ton), January 2002 - June 2004

